

Message Text

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UNCLAS BAGHDAD 1084

E.O.11652: N/A
TAGS: BEXP, IZ, TC, SA, YO
SUBJECT: FEBRUARY 77 WATER RESOURCES SPECIALIZED TRADE MISSION

REF: (A) STATE 136202, (B) BAGHDAD 156, (C) BAGHDAD 1080

1. SUMMARY: IRAQ MAY SPEND FIVE TO NONE BILLION DOLLARS ON WATER RESOURCES DEVELOPMENT IN ITS 1976-1980 FIVE YEAR PLAN. POSSIBLE PROJECTS INCLUDE JAMS, IRRIGATION, LAND RECLAMATION, AND URBAN DRAINAGE AND WATER SUPPLY PROJECTS. IRAQ'S POTENTIAL FOR WATER RESOURCE DEVELOPMENT SETS IT APART FROM OTHER COUNTRIES TRADE MISSION IS TO VISIT AND MAY POSE PROBLEMS IN RECURITING COMPANIES APPROPRIATE TO ALL THREE COUNTRIES. END SUMMARY.

2. FOLLOWING PARAGRAPHS ANSWER QUESTIONS RAISED BY REF A.

3. CITIES TO VISIT AND DATES: PRINCIPAL CUSTOMERS FOR MISSION MEMBERS ARE LOCATED IN BAGHDAD. MEMBERS MIGHT WISH VISIT AL-WAHDA PROJECT (35 KM FROM BAGHDAD) OR GREATER MUSAYYED PROJECT (80 KM) FOR FIRST HAND LOOK AT INTEGRATED AGRICULTURAL DEVELOPMENT/LAND RECLAMATION PROJECTS OR DUJAILA (140 KM) WHERE YUGOSLAV PRIME CONTRACTOR PKB WILL SOON BEGIN LAND LEVELING AND WATER RESOURCES DEVELOPMENT FOR PLANNED AGRI-INDUSTRIAL COMPLEX. WE RECOMMENT AT LEAST FOUR FULL WORKING DAYS IN IRAQ. HOLIDAYS TO BE TAKEN INTO ACCOUNT IN PLANNING ARE TUESDAY, FEBRUARY 8 (IRAQI HOLIDAY),
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WEDNESDAY, FEBRUARY 16 (US HOLIDAY) AND ALL FRIDAYS (FEBRUARY 4,

11, 18, 25).

4. MAJOR PROJECTS:

(A) SIZE OF POTENTIAL MARKET.

PRELIMINARY INFORMATION ABOUT IRAQ'S STILL-TO-BE-PUBLISHED 1976-80 FIVE YEAR PLAN INDICATES GOI MAY SPEND FIVE-TO-NINE BILLION DOLLARS ON WATER RESOURCES DEVELOPMENT, ENTAILING MASSIVE IMPORTS OF SERVICES AND EQUIPMENT TO CARRY OUT FOLLOWING PROJECTS--

--DAMS: CONTRACTS FOR SIX MAJOR DAMS ARE TO BE AWARDED, INCLUDING THREE EXPECTED TO COST ABOUT ONE BILLION DOLLARS EACH.

--LAND RECLAMATION AND IRRIGATION: RECENT MINISTRY OF AGRICULTURE PUBLICATION ANNOUNCES GOI INTENTION TO RECLAIM OVER 700,000 ACRES OF WATERLOGGED AND SALTED-UP LAND.

--DRAINAGE AND WATER SUPPLY PROJECTS: GOI INTENDS TO PROVIDE POTABLE WATER TO ALL INHABITANTS AND TO UNDERTAKE SEWAGE AND DRAINAGE PROJECTS IN ALL SIX MAJOR AND NUMBER OF SMALLER CITIES. PRELIMINARY LIST INCLUDES 11 WATER SUPPLY PROJECTS VALUED 460 MILLION DOLLARS AND 18 URBAN DRAINAGE PROJECTS WITH TOTAL VALUE OF 565 MILLION DOLLARS. (NOTE: ONLY US PARTICIPATION SO FAR IS BY CONSORTIUM FORMED BY CARD CONSTRUCTION COMPANY OF SANTA ANA, CALIFORNIA, WHICH HAS 34 MILLION DOLLAR CONTRACT FOR BASRA SEWAGE PROJECT.)

(B) STATUS OF PLAN AND TRADE MISSION OPPORTUNITIES.

GOI IS CURRENTLY REVISING PLAN IN VIEW OF RECENT DECLINE IN OIL REVENUES. SOME DAM PROJECTS MAY BE POSTPOSED: MOST LAND RECLAMATION/IRRIGATION PROJECTS ARE STILL IN PRE-TENDER STAGE AND COULD BE SCALED DOWN: AND DRAINAGE AND WATER SUPPLY PROJECTS COULD BE CUT BACK. NONETHELESS, REVISED PLAN WHEN ANNOUNCED STILL SHOULD PROVIDE HUGE MARKET FOR WATER RESOURCES RELATED GOODS AND SERVICES. WITH OR WITHOUT PUBLICATION OF PLAN USINT WILL BE ABLE TO PROVIDE BETTER PROJECT-BY-PROJECT READING BEFORE ARRIVAL OF TRADE MISSION.

5. PRODUCTS AND SERVICES TO BE FEATURED.

(A) SPECIFIC PRODUCTS AND SERVICES.

-CIVIL ENGINEERING SERVICES
-EARTHMOVING AND LEVELING EQUIPMENT, CANAL LINERS
-HEAVY VEHICLES
-IRRIGATION EQUIPMENT, INCLUDING PUMPS AND SEAMLESS PIPES
-SOIL LABORATORIES
-TRENCHING AND DRAIN-LAYING EQUIPMENT
-SEWAGE TREATMENT PLANTS
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-WATER PURIFICATION EQUIPMENT AND PLANTS
-DESIGN AND CONSULTING CONTRACTS (POSSIBLY IN JOINT VENTURE WITH YUGOSLAV OR OTHER PARTNERS)

(B) SALES PROSPECTS AND MARKET IDENTIFICATION.

GESTATION PERIOD IS LONG FOR MOST IRAQI PUBLIC SECTOR CONTRACTS. REALISTIC CHANCES OF MISSION MEMBERS SIGNING CONTRACTS DURING VISIT ARE NIL. BUT NOW IS GOOD TIME TO GET IN ON GROUND FLOOR IN THIS SECTOR. POTENTIAL CUSTOMERS INCLUDE STATE ORGANIZATIONS

CARRYING OUT LAND RECLAMATION AND TUBEWELL PROJECTS AND FOREIGN AND IRAQI CONTRACTORS AND SUBCONTRACTORS FOR PROJECTS ALREADY AWARDED. MISSION MEMBERS INTERESTED SERVE EITHER AS PRIME CONTRACTORS OR SUBCONTRACTORS OR PURVEYORS OF EQUIPMENT FOR PROJECTS NOT YET AWARDED SHOULD CAREFULLY CONSIDER COLLABORATION WITH FOREIGN FIRMS WELL ESTABLISHED IN WATER SECTOR, INCLUDING YUGOSLAV, BRITISH AND JAPANESE COMPANIES. USINT WOULD ASSURE THAT MEMBERS MEET SUCH TCN CONTACTS WHILE IN BAGHDAD.

6. IMPORT/EXPORT FIGURES AND US MARKET SHARE.

TABLE BELOW GIVES OFFICIAL 1974 IRAQI IMPORT FIGURES FOR SELECTED PRODUCTS IN WATER RESOURCES AREA. 1975 FIGURES, WHEN AVAILABLE, WILL SHOW LARGE INCREASES REFLECTING IRAQI ORDERS PLACED AFTER SHARP INCREASE IN IRAQI OIL REVENUES IN LATE 73 AND IN 74 BUT NOT DELIVERED UNTIL 1975.

ITEM	IMPORTS IN DOLLARS (MILLIONS)	PERCENTAGE OF IMPORTS FROM US
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STEEL AND IRON TUBES		
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AND PIPES	193	1.6
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EARTHMOVING EQUIPMENT	27	40.3
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LEVELING EQUIPMENT	29	13.6
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PUMPS FOR IRRIGATION	1	NIL
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(IRAQ HAS NO DOMESTIC PRODUCTION OF THE ITEMS LISTED ABOVE.)

7. IMPORT DUTIES, TRADE RESTRICTION, PRICING, AND MAJOR FOREIGN COMPETITION: PUBLIC SECTOR PROJECT IMPORTS, WHICH COMPRISE VIRTUALLY ALL THE MARKET IN WATER RESOURCES AREA, ARE EXEMPT FROM IMPORT DUTIES AND ANY ONEROUS TRADE AND CURRENCY RESTRICTIONS. LAW 157 OF 1973 ALSO PROVIDES AUTHORITY FOR GOI TO WAIVE MOST OTHER TROUBLESOME IMPORT REGULATIONS FOR MATERIALS REQUIRED FOR MAJOR PROJECTS. MAJOR COMPETITORS IN WATER RESOURCES AREA ARE BRAZIL (LEVELING EQUIPMENT), BRITAIN (PUMPS), FRANCE (TUBES AND PIPES, EARTHMOVING EQUIPMENT), JAPAN (TUBES AND PIPES, AND UNCLASSIFIED

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LEVELING EQUIPMENT), USSR (EARTHMOVING EQUIPMENT AND LEVELING EQUIPMENT), AND WEST GERMANY (TUBES AND PIPES, AND LEVELING EQUIPMENT).

8. CONFLICTING PROMOTIONAL EVENTS: ELECTRONIC DATA PROCESSING TECHNICAL SALES SEMINAR IS SCHEDULED FOR JAN. 10-16,1977 AND IINOIS STATE IOGA TRADE MISSION HAS ALSO BEEN TENTATIVELY SCHEDULED FOR FEBRUARY, 1977. WE RECOMMEND AT LEAST TWO-THREE WEEKS BETWEEN THESE EVENTS. AFTER PLANNING OF THESE EVENTS IS FIRMER, WE WILL SUBMIT RECOMMENDATIONS AS TO PRIORITIES WE BELIEVE WE SHOULD ACCORD EACH IN VIEW OF USINT'S LIMITED RESOURCES.

9. WORLD BANK AND SIMILAR LOANS AND INVESTMENTS: NONE.

10. POTENTIAL PROBLEMS. OUR ONLY PROBLEMS RELATE TO COUNTRY

MIX (SEE BAGHDAD 1080) AND WHETHER GOI WILL GRANT OFFICIAL STATUS
TO MISSION.
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